

7/10/12

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LB 970

Revision: 02

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

Revised due to adoption of amendment on General File.

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2012-13		FY 2013-14	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		(\$7,683,000)	\$53,100	(\$33,706,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		(\$7,683,000)	\$53,100	(\$33,706,000)

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 970, as amended by AM2391, amends Nebraska statutes dealing with the individual income tax and the corporate income tax.

For tax year 2013 the bill reduces the individual income tax rates for bracket 1, 2, and 3 and for tax years beginning on or after January 1, 2014 widens tax brackets 1 through 4 and retains the changes in tax rates from tax year 2013.

The new individual income tax rates proposed by LB 970, as amended by AM2391, for tax year 2013 are as shown:

Bracket Number:	Married, Filing Jointly:	Head of Household:	Single Individuals:	Tax Rate:
1	0 - 4,799	0 - 4,499	0 - 2,399	2.46%
2	4,800 - 34,999	4,500 - 27,999	2,400 - 17,499	3.51%
3	35,000 - 53,999	28,000 - 39,999	17,500 - 26,999	5.01%
4	Over 54,000	Over 40,000	Over 27,000	6.84%

Under AM2391, the above brackets do not change from current statute and the first three bracket tax rates are reduced while the bracket 4 tax rate remains unchanged from current statute.

The new individual tax brackets proposed by LB 970, as amended by AM2391, for tax years 2014 and thereafter are as shown:

Bracket Number:	Married, Filing Jointly:	Head of Household:	Single Individuals:	Tax Rate:
1	0 - 5,999	0 - 5,599	0 - 2,999	2.46%
2	6,000 - 35,999	5,600 - 28,799	3,000 - 17,999	3.51%
3	36,000 - 57,999	28,800 - 42,999	18,000 - 28,999	5.01%
4	Over 58,000	Over 43,000	Over 29,000	6.84%

The Department of Revenue estimates the following fiscal impact of LB 970, as amended by AM2391. This impact estimate is based on the October 2011 revenue forecasts, and the revenue impact assumes that the Department issues updated withholding tables effective on January 1, 2013.

General Fund Impact:

Fiscal Year:	Individual Income Tax:	Corporation Income Tax:	Financial Institutions Tax:	Total:
FY2011-12:	\$ 0	\$ 0	\$ 0	\$ 0
FY2012-13:	(\$ 7,863,000)	\$ 0	\$ 0	(\$ 7,863,000)
FY2013-14:	(\$ 33,706,000)	\$ 0	\$ 0	(\$ 33,706,000)
FY2014-15:	(\$ 55,608,000)	\$ 0	\$ 0	(\$ 55,608,000)

The Department also estimates that the cost to administer LB 970 includes a one-time mainframe programming cost of \$53,100.

There is no basis to disagree with the Department's estimate of fiscal impact and cost.